

Department of Social and Health Services

DP Code/Title: PL-WK HIPAA Security

Agency Wide

There are 8 Programs in this DP

Budget Period: 2003-05 Version: 12 2003-05 Fall Update 2 yr Budget

Recommendation Summary Text:

Program(s): 010 020 040 050 060 080 110 150

This decision package requests funding to implement the Health Insurance Portability and Accountability Act (HIPAA) Security Rule. The rule requires the implementation of security best practices to ensure the confidentiality of individually identifiable health information.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	607,000	577,000	1,184,000
001-2 General Fund - Basic Account-Federal	33,000	28,000	61,000
001-A General Fund - Basic Account-DSHS Fam Support/Chi	40,000	141,000	181,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	289,000	270,000	559,000
001-D General Fund - Basic Account-TANF (DSHS)	20,000	17,000	37,000
001-E General Fund - Basic Account-CCDF (DSHS)	18,000	15,000	33,000
Total Cost	1,007,000	1,048,000	2,055,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	7.7	8.8	8.3

Package Description:

Program(s): 010 020 040 050 060 080 110 150

HIPAA was signed into law August 1996. This reform covers health care fraud and abuse prevention, medical liability reform, and administrative simplifications. Administrative Simplification is being implemented in three rules. This package requests funding to be in compliance with rule three, Security.

The department is currently developing project plans for implementing program area changes to be compliant with the first two rules. The draft Security Rule has been released, with the final version scheduled for release in the fourth quarter of federal Fiscal Year 2002. As currently written, the draft Security Rule suggests that implementing good security practices is required to secure protected health information (health information that is individually identifiable).

Good security practices are a combination of many things, including consistent implementation and enforcement of agency security policy, keeping software patches current, maintaining anti-virus packages, implementing agency firewalls, intrusion detection, auditing user access to applications and systems, secure authentication (such as hardened passwords), implementation of sanctions, and user training.

While most of these security practices are addressed in the current DSHS IT Security Policy Manual (ITSPM), the final version of the Security Rule may require modification of existing policies and procedures. An increased level of auditing is necessary for network-based systems. This impacts system resources, which may require hardware/software upgrades to accommodate the increased load, and will require more technical staff time to review and investigate logs. There will be hardware and staffing costs to implement an agency firewall service. Ongoing costs are associated with increased staffing to support the increased auditing, and firewall services.

Narrative Justification and Impact Statement

How contributes to strategic plan:

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This decision package meets the agency balanced scorecard goal of integrating and coordinating information systems.

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Performance Measure Detail

Goal: 02Z Services Are Easy to Access and Timely

Incremental Changes

FY 1

FY 2

No measures submitted for package

Reason for change:

Program(s): 010 020 040 050 060 080 110 150

Implementation of this rule is a federal mandate. Timely implementation is imperative to prevent fines or sanctions from Department of Health and Human Services (DHHS) for non-compliance. This decision package addresses DSHS' need for funding to implement the HIPAA Security Rule.

Impact on clients and services:

Program(s): 010 020 040 050 060 080 110 150

The implementation of the HIPAA Security Rule does not directly impact clients or services. Implementing additional security practices and enhancing existing practices will improve confidentiality of client and staff information.

DSHS clients are stakeholders. This rule may give clients more confidence that their health information is being adequately protected. DSHS clients are likely to be supporters of the rule.

Impact on other state programs:

Program(s): 010 020 040 050 060 080 110 150

Implementation of the HIPAA Security Rule impacts all DSHS administrations. It also impacts other state agencies such as: Department of Health, Health Care Authority, Department of Corrections, Veterans Affairs, and Department of Labor and Industries.

Relationship to capital budget:

Program(s): 010 020 040 050 060 080 110 150

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

Program(s): 010 020 040 050 060 080 110 150

Implementation of the HIPAA Security Rule requires DSHS to modify existing agency policies and procedures on security.

Alternatives explored by agency:

Program(s): 010 020 040 050 060 080 110 150

Implementation of the HIPAA Security Rule is a federal mandate. There are no alternatives available to DSHS except to risk paying fines or penalties for non-compliance.

Budget impacts in future biennia:

Program(s): 010 020 040 050 060 080 110 150

Most costs, with the exception of equipment and project salaries and benefits, would continue in future biennia.

Distinction between one-time and ongoing costs:

Program(s): 010 020 040 050 060 080 110 150

One-time cost include project salaries and benefits associated with assessing system requirements, system modifications, and implementing system safeguards as well as hardware and software purchases.

Ongoing costs include salaries and benefits associated with oversight, implementation of necessary changes, and changes to policies and procedures and maintenance of an audit log.

Effects of non-funding:

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If the HIPAA Security Rule is not funded it may require DSHS to divert funding from client services to Security Rule implementation. Failure to implement the HIPAA Security Rule may result in federal fines or penalties.

Expenditure Calculations and Assumptions:

Program(s): 010 020 040 050 060 080 110 150

See attachment - AW PL-WK HIPAA Security.xls

<u>Object Detail</u>		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding				
A	Salaries And Wages	421,000	342,000	763,000
B	Employee Benefits	96,000	78,000	174,000
C	Personal Service Contracts	66,000	66,000	132,000
E	Goods And Services	295,000	124,000	419,000
G	Travel	15,000	18,000	33,000
J	Capital Outlays	114,000	279,000	393,000
Total Objects		1,007,000	907,000	1,914,000

State of Washington
Decision Package
Department of Social and Health Services

FINAL

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DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	580,000	554,000	1,134,000
GFS2	General Fund State TANF Moe	27,000	23,000	50,000
<i>Total for Fund 001-1</i>		607,000	577,000	1,184,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
566B	Refugee & Entrant Assist-St Admin'd Prog(D)(100%)	2,000	2,000	4,000
E61L	Food Stamp Program (50%)	31,000	26,000	57,000
<i>Total for Fund 001-2</i>		33,000	28,000	61,000
Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi				
<u>Sources</u>	<u>Title</u>			
658L	Title IV-E-Foster Care (50%)	40,000	141,000	181,000
<i>Total for Fund 001-A</i>		40,000	141,000	181,000
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa				
<u>Sources</u>	<u>Title</u>			
19TA	Title XIX Assistance (FMAP)	20,000	69,000	89,000
19UL	Title XIX Admin (50%)	269,000	201,000	470,000
<i>Total for Fund 001-C</i>		289,000	270,000	559,000
Fund 001-D, General Fund - Basic Account-TANF (DSHS)				
<u>Sources</u>	<u>Title</u>			
558B	Temp Assist for Needy Families (TANF) (100%)	20,000	17,000	37,000
<i>Total for Fund 001-D</i>		20,000	17,000	37,000
Fund 001-E, General Fund - Basic Account-CCDF (DSHS)				
<u>Sources</u>	<u>Title</u>			
575B	CCDF (Discretionary) (100%)	1,000	1,000	2,000
596A	CCDF Match (FMAP)	17,000	14,000	31,000
<i>Total for Fund 001-E</i>		18,000	15,000	33,000
Total Overall Funding		1,007,000	1,048,000	2,055,000

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Funding Totals by Program

Dollars in Thousands

<u>Program</u>	FTE's		GF-State		Total Funds	
	<u>FY 1</u>	<u>FY 2</u>	<u>FY 1</u>	<u>FY 2</u>	<u>FY 1</u>	<u>FY 2</u>
010 Children's Administration	1.0	0.7	27	93	87	303
020 Juvenile Rehabilitatn Admin	0.0	2.5	171	167	171	167
040 Div of Developmntl Disab	1.0	1.0	76	75	126	125
050 Long Term Care Services	1.8	1.0	101	50	194	96
060 Economic Services Admin	1.4	1.1	108	92	220	187
080 Medical Assistance	1.0	1.0	27	27	53	52
110 Admin & Supporting Svcs	1.5	1.5	97	73	156	118
150 Info SYS Svcs Div	0.0	0.0	0	0	0	0
Grand Total:	7.7	8.8	607	577	1,007	1,048